

LOUISIANA CULTURAL DISTRICT SALES TAX EXEMPTION INSTRUCTIONS

August 20, 2018

OVERVIEW

- **Beginning July 1, 2018 the state sales tax of 4.45% must be collected.**

All sales, within the boundaries of a certified Cultural District, of original, one-of-a-kind works of art that meet the definition below as set forth in the law, are exempt from local sales tax. Due to legislative action there is no state sales tax exemption until July 2025.

DOCUMENTATION OF TAX EXEMPT SALES

- **Art Sellers**

Art sellers must verify the authenticity of original works of art and document each tax exempt sale of qualifying art by using the Sales Tax Exemption Certificates (R-1384) provided by the Louisiana Department of Revenue (LDR), available [here](#).

The **Sales Tax Exemption Certificate** includes the following information:

1. Name and address of the Purchaser
2. The title, description of the artwork including its medium, dimensions, the name of the artist, predominant color, its date of creation (if known); the sale date and the price of the art work.
3. Name and address of Seller; name and location of the Cultural District.
4. Signature of the Seller certifying that to the best of his knowledge the work of art meets the definition of a tax exempt work of art, as defined below.

The art seller must retain copies of Tax Exemption Certificates and documentation for inspection by the Louisiana Department of Revenue (LDR) and local taxing authorities in case of audit. Sellers may provide the purchaser with a copy of the Tax Exemption Certificate certifying their purchase as an original, one-of-a-kind work of art. Some parishes (EBR, St. Tammany, St. Martin, E. Feliciana) require copied of the exemption certificates be submitted with the parish tax return. Check for local requirements.

- **Sales Tax Reporting Requirements**

Sellers of all goods including original, one-of-a-kind works of art must register with the state and local tax administrator before conducting sales.

To register for a Louisiana Tax Account Number and obtain report forms:

<http://www.rev.state.la.us/Businesses/BusinessRegistration>

To register for a Parish Tax Account Number and obtain report forms:

http://www.laota.com/index.php?option=com_content&view=article&id=88&Itemid=94

Sellers of original, one-of-a-kind works of art in a **certified Cultural District** must register as tax payers and submit sales tax returns (R-1029) to the Louisiana Department of Revenue and to the local Parish Tax Office.

The total value of original art sales tax exemptions claimed should be entered on page 2, line 33 and Schedule A-3 (code 5090 for original art) of the state form, and on a line 8-10 on the parish sales tax report form. Write in the space provided that the sale is “original art sold in a Cultural District”. If an audit reveals that sales tax was not collected properly on a work of art, the seller or purchaser shall remit the amount of the uncollected tax to the proper taxing authorities, along with any penalties or fees. This provision does not affect the assessment and collection procedures undertaken by the Louisiana Department of Revenue.

- Louisiana Department of Revenue Service to Taxpayers (optional)
 - Tax payers are encouraged to sign up for the Louisiana Department of Revenue electronic Policy Statement Subscription Service to receive regular communication from the Department of Revenue on rulings, guidelines, and advice. To sign up, visit:
<http://www.revenue.louisiana.gov/sections/lawspolicies/psss.aspx>
- LDR Policy Statement on Special Events, Crafts & Trade Shows
 - <http://revenue.louisiana.gov/Businesses/SpecialEventsCraftShowsAndTradeShows>

• Tax Exempt Works of Art: Defined

A work of art is exempt from local sales tax if it is sold from an established location within a **certified Cultural District** and meets the following criteria:

1. Qualification Details
 - a. Original
 - b. One of a kind, except further defined in section 2b, below
 - c. Visual art
 - d. Conceived and made by hand of the artist or under his/her direction
 - e. Not intended for mass production, except for limited editions specified below
2. Examples of eligible media and products include:
 - a. Visual arts and crafts, including but not limited to drawing, painting, sculpture, clay, ceramics, fiber, glass, leather, metal, paper, wood, installation art, light sculpture, wearable art, or mixed media
 - b. Limited edition, numbered, hand-made prints (up to 100) of lithographs, photography, silk screen, intaglios, etchings, graphic design
3. Ineligible media and products include:
 - a. Performing art
 - b. Food products
 - c. Live plants, such as bonsai trees, floral arrangements, wreaths, and garlands
 - d. Music recordings
 - e. Reproductions of original works of art, including giclees

ORIGINAL ART ADVISORY OPINION

Prior to the sale, sellers may seek an advisory opinion from the Office of Cultural Development (OCD) to determine whether a work of art qualifies for tax-exempt sale under the definition adopted for use by the Cultural District

program. Sellers should provide a *concise description of the artwork, artist, cost of work, date of creation, photographs, and other pertinent details* including phone and contact information for reply, in writing to the address below or by email to kmccrary@crt.la.gov.

After the sale and upon request of any taxing authority, OCD may issue rulings on whether a specific item meets the definition of a tax exempt work of art.

Cultural Districts
Original Art Advisory Opinion
PO Box 44247
Baton Rouge, LA 70804

For questions, contact Kelsea McCrary at 225-342-8161 or kmccrary@crt.la.gov